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C O N F I D E N T I A L SECTION 01 OF 03 SARAJEVO 000012

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DEPARTMENT FOR EUR/SCE

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SUBJECT: BOSNIA - NUDGING PARTIES TOWARD RESPONSIBILITY ON  
GOVERNMENT FORMATION

Classified By: Charge Judith Cefkin. Reason 1.4(b) and (d).

11. (C) SUMMARY: Three months after Bosnia's October 1 election, negotiations to form a coalition government remain stalled. In an effort to facilitate conversation among the key political players, the Ambassador hosted a series of meetings over the last ten days. The aim was to provide forum where party leaders could engage in a frank exchange of views and to urge them to take a more proactive approach to their responsibility for ensuring Bosnia is effectively governed. Party leaders agreed coalition negotiation had dragged on for too long, but no one appeared willing to step into the breach and lead them to a successful conclusion. RS PM Milorad Dodik insisted that his party should hold the State-level Premiership in any coalition. The main obstacle to forming a coalition was what Croat parties should participate in government. Immediately after their exchanges with the Ambassador the leaders of the largest Bosniak parties, Party for Democratic Action and Party for BiH, signed a coalition agreement. All parties also followed-up on their commitments to the Ambassador to take a more proactive approach to coalition building. These exchanges culminated in a January 3 announcement that the parties, including all three Croat parties, had agreed to form a coalition government. END SUMMARY

12. (SBU) The Ambassador held a series of meetings over the last two weeks with leaders of Bosnia's major political to discuss their efforts to form a government. These included:

-- December 21 (Doboj): Milorad Dodik, RS Prime Minister and leader of the Alliance of Independent Social Democrats (SNSD/7 HoR seats), Sulejman Tihic, President of the Party for Democratic Action (SDA/9 HoR seats), and Zlatko Lagumdzija, President of the Social Democratic Party (SDP/5 HoR seats);  
-- December 27 (Sarajevo): Haris Silajdzic, newly-elected Bosniak member of the Tri-Presidency and President of the Party for Bosnia and Herzegovina (SBiH/8 HoR seats), and Sulejman Tihic; and,  
-- December 28 (Sarajevo): Borjana Kristo, Federation Minister of Justice and member of the Croatian Democratic Union of BiH (HDZ-BiH/3 HoR seats), Bozo Ljubic, President of HDZ-1990 (2 HoR seats), and Jerko Ivankovic-Lijanovic, newly-elected MP from Radom za Boljitak (RzB/1 HoR seat).

The Ambassador also used these exchanges to underscore the need for parties to reach political agreement on police reform, take up constitutional reform once a new government is formed, and ensure that defense reform remains a priority,

particularly that the Bosnia's defense leadership remains apolitical, balanced and NATO-oriented.

#### We All Agree: A Government Would Be a Good Thing

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13. (C) Across the board party leaders insisted that they understood their responsibility to form a government and appreciated that protracted coalition negotiations would be bad for Bosnia. However, none of the major party leaders appeared prepared to take a leadership role in coalition talks and drive the process to conclusion. Only RZB, a minor player in coalition talks, proposed party leaders begin a series of intensive negotiations immediately after the New Year to iron out differences as well as to agree on a clear governing program. In defending their passive approach to coalition talks, Dodik and Lagumdžija argued that progress was impossible as long as Tihic was unwilling to confront those in his party pressing for an SDA-SBiH coalition. Tihic countered that he needed more public and private support from SNSD and SDP before forcing the issue within his party. (Note: All three men urged the Embassy to press newly elected SDA MPs on Tihic's behalf. End Note).

#### Dodik: With An SNSD PM, Any Arrangement is Possible

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14. (C) Dodik said that his preference would be an SNSD-PDP-SDA-SDP-HDZ coalition, since he believed these parties could agree on a governing program, including support for the U.S.-brokered package of constitutional amendments. A "mathematical coalition" (i.e., a coalition of all parties) would find itself bogged down in negotiations over every

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major policy issue that came before the Council of Ministers, he said. Nonetheless, Dodik confirmed that his bottom line was a coalition government led by SNSD Prime Minister (Note: SNSD has already nominated Nikola Spiric, a member of the HoR leadership in the last parliament, for the job. End Note). Dodik also refused to support organizing the State-level parliament absent a coalition agreement, arguing any CoM could not govern effectively unless it also controlled the parliamentary leadership. Dodik compared the bitter disputes that have plagued government formation in the Federation with the fact that Republika Srpska's government was already up and functioning.

#### Croat Political Parties Remain Bitterly Divided

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15. (C) The two major Croat parties, HDZ and HDZ-1990, have allied with SDA and SBiH respectively. Silajdzic objected that Tihic refused to publicly endorse a coalition that included both HDZ and HDZ-1990, which Silajdzic claimed the two had agreed to privately. Tihic acknowledged that having both HDZs in government might serve as a check on Croat nationalism, but also made clear that he would not try to force HDZ to cooperate with HDZ-1990 (at least not yet). Silajdzic maintained that the differences between the two parties were primarily personal. Tihic disagreed, cautioning that HDZ-1990's agenda was more nationalist than HDZ's. Silajdzic and Tihic both asked the Ambassador to facilitate a meeting between the two HDZs and ask them to put their differences aside.

16. (C) The December 28 exchange between Ljubic and Kristo made clear that the division between the two HDZs was both substantive and personal. Kristo opened by noting her party's support for constitutional reform and argued forcefully that HDZ, as the largest Croat party in the new parliament, was entitled to represent the Croats in government. Ljubic accused Kristo and her party of behaving irresponsibly by clinging to a position that was holding up government formation. He also vigorously challenged Kristo's

assertion that HDZ represented "the will of the Croats." Later in the day, HDZ leader Dragan Covic called the Ambassador to tell him that he expected Bosniak political leaders and Dodik to force a "compromise" on the Croat parties at the State-level, which would allow parliament to be formed early in the New Year, and perhaps, a government shortly thereafter.

#### Silajdzic and Tihic: An Arranged Marriage

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17. (C) Though Tihic made his preference for a government without SBiH clear in the meeting with Dodik and Lagumdziya, he focused on his readiness to work with Silajdzic during their December 27 discussion. Silajdzic claimed that the policy differences between the SDA and SBiH were minimal, a claim undercut later in the conversation when Tihic challenged Silajdzic's approach to the U.S.-brokered package of constitutional amendments and provoked a long, sometimes angry reply from Silajdzic. Despite differences over constitutional reform as well as over how best to tackle organized crime and corruption, the two men signed an 11-page "Agreement on the Establishment of a Coalition between SDA and SBiH" on the evening of December 27 after leaving the Ambassador's residence. The document, which the press criticized for being short on specifics, essentially papered over differences between the two parties. Tihic called the Ambassador the next day to explain that pressure from within SDA had finally forced his hand with regards to the coalition agreement.

#### Comment

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18. (C) Despite the sometimes uncompromising rhetoric from party leaders, the meetings provided a valuable forum for them to engage in a frank and open exchange of views as well as for the Ambassador to underscore their responsibilities to their constituents. Party leaders thanked the Ambassador for his engagement as well as the United States' continued commitment to Bosnia - a theme echoed by several leading pundits prior to the New Year. The exchanges also prompted additional dialogue among party leaders, which culminated in

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a January 3 announcement that SDA, SBiH, SNSD, PDP, HDZ-BiH, HDZ-1990, and RZB had agreed to a coalition government.  
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